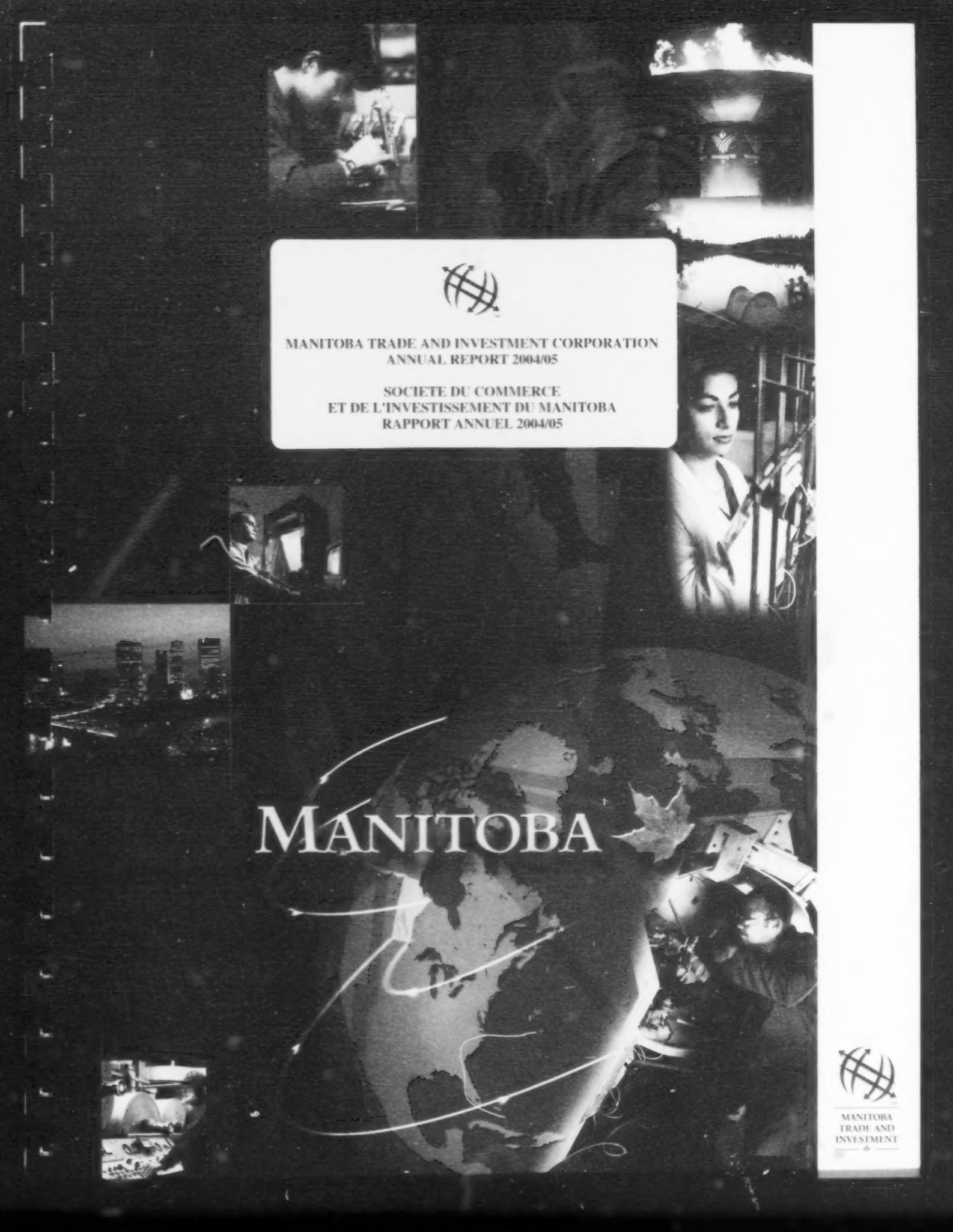

MANITOBA TRADE AND INVESTMENT CORPORATION
ANNUAL REPORT 2004/05

SOCIETE DU COMMERCE
ET DE L'INVESTISSEMENT DU MANITOBA
RAPPORT ANNUEL 2004/05

106-00373/

MANITOBA TRADE AND INVESTMENT CORPORATION
ANNUAL REPORT 2004/05

SOCIETE DU COMMERCE
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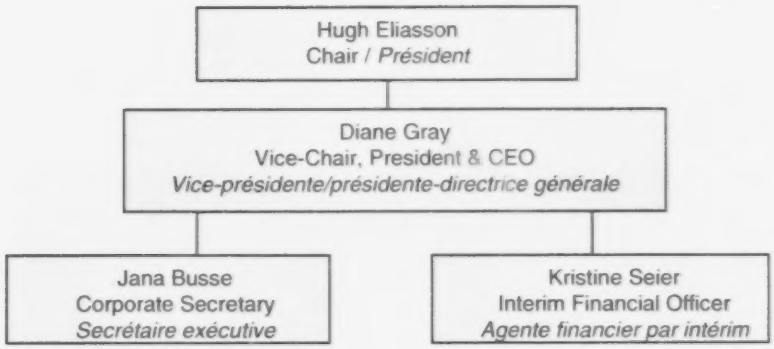

The Manitoba Trade and Investment Corporation (MTIC) is a provincial agency of the Department of Intergovernmental Affairs and Trade. As an administrative mechanism, the Corporation supports the economic priority of building the Manitoba economy through increased exports and industry investment. The Corporation facilitates cost-sharing partnerships for specific projects and provides administrative support for missions by collecting revenues and paying related expenditures.

Exporter Development – International Trade Development concentrates on new exporter development and trade promotion for a two-fold purpose – to increase the number of Manitoba companies that are active exporters and to increase their market diversification. MTIC's role is to provide a project cost-sharing mechanism among Manitoba firms and government entities.

Provincial Nominee Program for Business – This Program was launched in October 2000, to promote Manitoba as the destination of choice for business immigrants.

La Société du commerce et de l'investissement du Manitoba est un organisme provincial qui relève du ministère des Affaires intergouvernementales et du Commerce. En tant que mécanisme administratif, la Société soutient la priorité économique d'agrandir l'économie du Manitoba par l'augmentation des exportations et des investissements dans les industries manitobaines. La Société facilite les partenariats financiers pour des projets précis et offre un soutien administratif pour les missions d'affaires par le recouvrement des recettes et du paiement des dépenses liées aux projets.

Développement des marchés d'exportation – Le développement du commerce international est axé sur le développement de nouveaux marchés d'exportation et la promotion du commerce afin d'augmenter le nombre d'entreprises manitobaines qui exportent activement et d'accroître la diversification de leurs marchés. Le rôle de la Société consiste à fournier un mécanisme de répartition des coûts des projets parmi les entreprises et les organismes gouvernementaux du Manitoba.

Programme Candidates du Manitoba pour les gens d'affaires – Ce programme a été lancée en octobre 2000 en vue de promouvoir le Manitoba comme destination de choix pour les gens d'affaires immigrants.

MINISTER OF
INTERGOVERNMENTAL AFFAIRS AND TRADE

Room 301
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8
General Office: (204) 945-3788
Fax: (204) 945-1383

June 23, 2005

The Honourable John Harvard, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Your Honour:

I am pleased to present the Annual Report for Manitoba Trade and Investment Corporation for the fiscal year ending March 31, 2005.

Respectfully submitted,

Scott Smith
Minister

MINISTER OF
INTERGOVERNMENTAL AFFAIRS AND TRADE

Room 301
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8
General Office: (204) 945-3788
Fax: (204) 945-1383

Le 23 juin 2005

L'honorable John Harvard
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Monsieur le Lieutenant-gouverneur:

J'ai le plaisir de présenter à Votre Honneur le rapport annuel de la Société du commerce et de l'investissement du Manitoba pour l'exercice se terminant le 31 mars 2005.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre,

Scott Smith

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

Phone (204) 945-2466
Fax (204) 957-1793

June 20, 2005

Honourable Scott Smith
Minister of Intergovernmental Affairs and Trade
Room 301 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

It is our pleasure to submit the Annual Report of the Manitoba Trade and Investment Corporation for the fiscal year ended March 31, 2005, as required by Section 15 of the Manitoba Trade and Investment Corporation Act.

Respectfully submitted,

Hugh Eliasson
Chairperson

Diane Gray
President

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

Phone (204) 945-2466
Fax (204) 957-1793

Le 20 juin 2005

Monsieur Scott Smith
Ministre des Affaires intergouvernementales et Ministre responsable du Commerce
Palais législatif, bureau 301
Winnipeg (Manitoba) R3C 0V8

Monsieur le ministre:

Nous avons le plaisir de vous présenter le rapport annuel de la Société du commerce et de l'investissement du Manitoba pour l'exercice qui s'est terminé le 31 mars 2005, tel que le stipule l'article 15 de la *Loi sur la Société du commerce et de l'investissement du Manitoba*.

C'est avec respect, Monsieur le ministre, que nous vous soumettons ce document.

Le président,

Hugh Eliasson

La présidente,

Diane Gray

Manitoba Trade and Investment Corporation

Financial Statements

March 31, 2005

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

Phone (204) 945-2466
Fax (204) 957-1793

May 26, 2005

THE MANITOBA TRADE AND INVESTMENT CORPORATION
MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies are established and respected.

The statements are examined by the Auditor General of the Province of Manitoba, whose opinion is included herein. The Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.

Hugh Eliasson
Chairperson

Kristine Seier, C.M.A.
Interim Financial Officer

Manitoba Trade and
Investment Corporation
An Agency of Manitoba
Intergovernmental Affairs and Trade

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of the Manitoba Trade and Investment Corporation as at March 31, 2005 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Trade and Investment Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
May 26, 2005

MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2005
(With Comparative Figures for 2004)

	2005	2004
ASSETS	$	$
Current Assets:		
Cash	$ 345,945	$ 178,196
Short-term investments (Note 3)	1,027,715	873,592
Accounts Receivable - Trade	14,548	-
Accounts Receivable - Province of Manitoba	46,515	45,655
Accrued Interest - Province of Manitoba	81,742	23,900
Total Current Assets	1,516,465	1,121,343
Trust Assets:		
Provincial Nominee Program - Trust Funds (Note 4)	$ 22,335,907	$ 17,884,873
Total Trust Assets	22,335,907	17,884,873
TOTAL ASSETS	$ 23,852,372	$ 19,006,216
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 100,754	$ 111,966
Deferred Revenue (Note 5)	1,360	8,008
Operating Advance Payable (Note 6)	500,000	500,000
Total Current Liabilities	602,114	619,974
Trust Liabilities:		
Provincial Nominee Program - Trust Fund (Note 4)	$ 22,335,907	$ 17,884,873
Total Trust Liabilities	22,335,907	17,884,873
TOTAL LIABILITIES	$ 22,938,021	$ 18,504,847
RETAINED EARNINGS	914,351	501,369
TOTAL LIABILITIES AND RETAINED EARNINGS	$ 23,852,372	$ 19,006,216

See accompanying notes to financial statements.

Approved by:

Chair of the Board

Financial Officer

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2005
(With Comparative Figures for 2004)

	2005 $	2004 $
Revenue:		
Contract Fees Recoveries (Note 7)	$ 528,814	$ 565,836
Interest (Note 4)	465,420	370,710
Provincial Nominee Program for Business - Defaults (Note 4)	300,000	100,000
Participation Fees (Note 2)	162,900	204,078
Administration Fees	3,827	5,597
Total Income	1,460,961	1,246,221
Expenses:		
Contract Fees (Note 7)	752,579	694,746
Program (Note 2)	280,158	249,265
Audit Fees	11,050	7,000
Administration Expenses	3,827	5,597
Miscellaneous	365	441
Total Expenses	1,047,979	957,049
Net Income for the Year	412,982	289,172
Retained Earnings, beginning of year	501,369	212,197
Retained Earnings, end of year	$ 914,351	$ 501,369

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005
(With Comparative Figures for 2004)

	2005 $	2004 $
Operating Activities:		
Net Income for the year	$ 412,982	$ 289,172
Changes in non-cash working capital		
Accounts Receivable - Trade	(14,548)	-
Accounts Receivable - Province of Manitoba	(860)	22,218
Accrued Interest - Province of Manitoba	(57,842)	6,357
Accounts Payable and Accrued Liabilities	(11,212)	14,603
Deferred Revenue	(6,648)	(30,480)
Net cash flow from (to) operating activities	321,872	301,870
Investing Activities:		
Investment in short-term investments	$ -	$ (500,000)
Net cash flow from (to) investing activities	-	(500,000)
Net increase (decrease) in cash and cash equivalents	321,872	(198,130)
Cash and cash equivalents, beginning of year	551,788	749,918
Cash and cash equivalents, end of year	$ 873,660	$ 551,788
Cash and cash equivalents reconciliation:		
Cash	$ 345,945	$ 178,196
Short-term investments	1,027,715	873,592
Short-term investments, term to maturity greater then 90 days	(500,000)	(500,000)
	873,660	551,788

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

1. Nature of Operations and Economic Dependence

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of Legislation in 1974. The objects of the Corporation, as set out in the Act, are to:

- encourage, promote, develop and increase Manitoba exports and trade;
- promote investment in Manitoba; and
- promote international business opportunities for Manitoba businesses and assist Manitoba businesses in promoting those business opportunities.

The Corporation is economically dependent on the Province of Manitoba as all project shortfalls and deficits incurred by the Corporation are recovered from the Province.

2. Significant Accounting Policies

a. Basis of Accounting

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b. Participation Fees and Program Expenses

Participation Fees and Program Expenditures are recognized as revenue or expense in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

c. Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the Corporation at nil cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

d. Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Short–term investments

Short-term investments are carried at cost which approximates market. Funds available for investment are invested with the Province of Manitoba.

4. Trust Assets/Liabilities - Provincial Nominee Program for Business

The Corporation and the Manitoba Departments of Industry, Economic Development and Mines and Labour and Immigration operate a program known as the Provincial Nominee Program for Business, which offers individuals who wish to immigrate to the Province of Manitoba to establish and operate a business the opportunity to obtain a nominee certificate. During the 2003 fiscal year, the Corporation first entered into agreements with qualified immigrants whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within specified periods of time. As evidence of their commitments, the immigrants are required to deposit $75,000 (formerly $50,000) with the Corporation. These deposits are held in trust by the Corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the agreements. The final decision as to admission to Canada for permanent residence is made by the Government of Canada. In the event that nominees are not granted permanent residency visas by the Government of Canada, the Corporation also refunds the deposits. The Corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the Corporation also has the right, under the agreements, to retain the deposits.

At March 31, 2005, deposits held in trust under the Provincial Nominee Program for Business and invested with the Province of Manitoba totaled $22,335,907 (2004 - $17,884,873). Interest earned on these deposits during the year and retained by the Corporation totaled $455,670 (2004 – $355,411). Deposits retained during the year and included in revenue totaled $300,000 (2004 – $100,000).

5. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for specific trade projects. Changes in the deferred balance are as follows:

	2005 $	2004 $
Balance, beginning of year	8,008	38,488
Less amount recognized as revenue in the year	(6,648)	(31,480)
Add amounts received and deferred during the year	0	1,000
Balance, end of year	1,360	8,008

6. Operating Advance Payable

The Corporation has a $500,000 non-interest bearing working capital advance from the Province of Manitoba. It is payable on demand.

7. Contract Fees/Recoveries

The Corporation employs a number of staff on contract. The costs of these contracts, except for certain contract fees related to the Provincial Nominee Program for Business are recovered from the Province of Manitoba.

8. Financial Instruments

The carrying amounts of current assets and liabilities are a reasonable estimate of their fair value because of the short-term maturity of these instruments.

9. Subsequent Event - Provincial Nominee Program for Business

On March 15, 2005 the Province of Manitoba authorized the transfer of the financial administration of the Provincial Nominee Program - Business from the Manitoba Trade and Investment Corporation (MITC) to the Manitoba Development Corporation (MDC) effective April 1, 2005. Related assets of $23,033,926, liabilities of $22,395,868 and retained earnings of $638,058 will be transferred from MTIC to MDC.

For the year ended March 31, 2005 revenue and expenses related to the Provincial Nominee Program - Business were $1,037,428 and $658,616 respectively.

10. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

MANITOBA
TRADE AND
INVESTMENT

Manitoba Trade and Investment Corporation thanks our many friends and partners throughout Canada and the world for their help and encouragement in 2004/05. We look forward to continuing good relations in the coming year.

Nous remercions tous nos partenaires pour leur assistance et encouragement en 2004/05.

MANITOBA
TRADE AND
INVESTMENT

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Manitoba

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